

Senate File 490 - Introduced

SENATE FILE 490
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO SSB 1019)

A BILL FOR

1 An Act authorizing and regulating savings promotion raffles,
2 and granting licensing authority to the department of
3 inspections and appeals.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 99B.1, Code 2011, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 14A. "*Financial institution*" means a state
4 or federally chartered credit union as defined in section
5 533.102 or a state or federally chartered bank as defined in
6 section 524.103, which is located within the state of Iowa.

7 Sec. 2. Section 99B.1, subsection 26, Code 2011, is amended
8 to read as follows:

9 26. "*Raffle*" means a lottery in which each participant buys
10 a ticket for a chance at a prize with the winner determined by
11 a random method and the winner is not required to be present to
12 win. "*Raffle*" does not include a slot machine. "*Raffle*" does
13 not include a savings promotion raffle.

14 Sec. 3. Section 99B.1, Code 2011, is amended by adding the
15 following new subsection:

16 NEW SUBSECTION. 26A. "*Savings promotion raffle*" means
17 a drawing conducted by a financial institution, or a group
18 of financial institutions, in which a chance of winning a
19 designated prize or prizes is obtained by the deposit of a
20 specified amount of money in a savings account, time deposit,
21 or other savings program offered through that financial
22 institution or group of financial institutions.

23 Sec. 4. Section 99B.7, subsection 1, unnumbered paragraph
24 1, Code 2011, is amended to read as follows:

25 Except as otherwise provided in section 99B.7C or 99B.8,
26 games of skill, games of chance, and raffles lawfully may be
27 conducted at a specified location meeting the requirements of
28 subsection 2 of this section, but only if all of the following
29 are complied with:

30 Sec. 5. NEW SECTION. 99B.7C Savings promotion raffles.

31 1. For the purposes of this section, a "*participant*" is a
32 person who is at least eighteen years of age and who has opened
33 a savings promotion raffle account at a financial institution.

34 2. A savings promotion raffle may lawfully be conducted by a
35 financial institution or group of financial institutions if all

1 of the following conditions are met:

2 *a.* The financial institution conducting the savings
3 promotion raffle has been issued a license from the department
4 and prominently displays that license during raffle drawings.

5 *b.* The savings promotion raffle conducted includes the
6 distribution of the financial institution's savings promotion
7 raffle rules to all participants in the savings promotion
8 raffle.

9 *c.* The savings promotion raffle is open to all participants
10 as provided in the rules established for the savings promotion
11 raffle by the financial institution conducting the savings
12 promotion raffle. Savings promotion raffles shall not be open
13 to members of the public who are not participants pursuant
14 to the savings promotion raffle rules of the financial
15 institution.

16 *d.* The financial institution offering the savings promotion
17 raffle maintains records regarding its savings promotion raffle
18 and the number of participants.

19 *e.* The savings promotion raffle is conducted in a fair and
20 honest manner. The financial institution shall not conduct
21 a savings promotion raffle in a manner that jeopardizes the
22 financial institution's safety and financial soundness or
23 misleads its participants.

24 3. A financial institution shall provide an annual report
25 to the department for each year in which a savings promotion
26 raffle was held. This report shall include the number of
27 savings promotion raffles held during the year, when the
28 savings promotion raffles were held, the description and value
29 of the prize or prizes offered, the names and addresses of
30 participants who won prizes, a copy of the savings promotion
31 raffle rules, and the names and addresses of two witnesses to
32 the raffle drawing. If multiple financial institutions combine
33 efforts for one or more collective savings promotion raffles
34 between participants, they may file a joint annual report.

35 4. A financial institution wishing to conduct one or more

1 savings promotion raffles pursuant to this section shall submit
2 an application to the department. The department shall develop
3 an application form requiring the contact information for
4 the financial institution or group of financial institutions
5 conducting the savings promotion raffle and a copy of the
6 savings promotion raffle rules from the financial institution.
7 If multiple financial institutions combine efforts for
8 one or more joint savings promotion raffles between their
9 participants, each financial institution shall complete an
10 application and shall jointly submit the applications.

11 5. Prizes awarded in a savings promotion raffle may be in
12 cash or any other form of property and, subject to the other
13 provisions of this section, shall not be subject to limits on
14 quantity. A financial institution may not award a single prize
15 in a savings promotion raffle that is more than twenty-five
16 thousand dollars in value. However, if four or more financial
17 institutions combine efforts for a joint savings promotion
18 raffle, then the value of any single prize awarded through the
19 joint raffle shall not exceed one hundred thousand dollars.

20 6. A financial institution or group of financial
21 institutions may compensate employees of the financial
22 institution, or may hire a third-party operator, to conduct a
23 savings promotion raffle.

24 Sec. 6. Section 99B.9, subsection 1, unnumbered paragraph
25 1, Code 2011, is amended to read as follows:

26 Except as otherwise permitted by section 99B.3, 99B.5,
27 99B.6, 99B.7, 99B.7B, 99B.7C, 99B.8, 99B.11, or 99B.12A,
28 it is unlawful to permit gambling on any premises owned,
29 leased, rented, or otherwise occupied by a person other than a
30 government, governmental agency, or governmental subdivision,
31 unless all of the following are complied with:

32 EXPLANATION

33 This bill allows a financial institution or multiple
34 financial institutions to be licensed by the department of
35 inspections and appeals to conduct savings promotions raffles.

1 The bill requires that a participant deposit a stated amount
2 of money into specified types of savings accounts in order to
3 participate in the raffle. A savings promotion raffle may
4 only be conducted by a financial institution, which includes
5 state or federally chartered credit unions and banks. The bill
6 provides that a savings promotion raffle is not a raffle which
7 is otherwise regulated by the department.

8 The bill requires that participants in a savings promotion
9 raffle be at least 18 years of age and have opened a savings
10 promotion raffle account with the licensed financial
11 institution.

12 The bill requires a financial institution engaging in a
13 savings promotion raffle to have received a savings promotion
14 raffle license from the department of inspections and
15 appeals, and requires that the institution display the license
16 prominently during the raffle drawing. The bill requires
17 the licensed financial institution to distribute the rules
18 of the raffle to all savings promotion raffle participants,
19 and specifies that savings promotion raffles are not open to
20 members of the public who are not participants as provided in
21 the rules provided by the financial institution.

22 The bill requires that licensed financial institutions
23 conduct the raffles fairly and honestly, not mislead
24 participants, and that the raffles not jeopardize the
25 institution's financial soundness. The bill also requires
26 that licensed financial institutions maintain records of the
27 raffles and the number of participants, and requires that they
28 provide annual reports to the department. The reports must
29 include the number of raffles held, when the raffles were held,
30 the description and value of all raffle prizes, the names and
31 addresses of winning participants, a copy of the financial
32 institution's rules, and the names and addresses of two persons
33 who observed the raffle drawing. The bill allows for multiple
34 institutions participating in one raffle to submit a joint
35 annual report.

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1 The bill provides certain limits on prizes awarded through
2 savings promotions raffles. The bill allows financial
3 institutions to compensate employees or hire a third-party
4 operator to conduct the raffles.